

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

QCK Apartments, located at 4856 West Avenue L-14 in Quartz Hill, requested and is being recommended for a reservation of \$886,616 annual federal tax credits and \$6,649,620 in total state tax credits to finance the new construction of 35 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Oculus 1 Development, Inc and will be located in Senate District 21 and Assembly District 36.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-759

Project Name QCK Apartments
Site Address: 4856 West Avenue L-14
 Quartz Hill, CA 93536 County: Los Angeles
Census Tract: 9011.02

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$886,616	\$6,649,620
Recommended:	\$886,616	\$6,649,620

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Kingdom Development, Inc
Contact: William Leach
Address: 6451 Box Spings Blvd.
 Riverside, CA 92507
Phone: 951-538-6244
Email: william@kingdomdevelopment.net

General Partner(s) or Principal Owner(s): Oculus1 Development, Inc.
 Kingdom Quartz Hill, LLC
General Partner Type: Joint Venture
Parent Company(ies): Oculus 1 Development, Inc.
 Kingdom Development, Inc
Developer: Oculus1 Development, Inc
Bond Issuer: CalPFA
Investor/Consultant: CREA, LLC
Management Agent: FPI Management

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1
 Total # of Units: 36
 No. / % of Low Income Units: 35 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (35 Units-100%)

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

<u>Aggregate Targeting</u> <u>Number of Units</u>	<u>Percentage of</u> <u>Affordable Units</u>
30% AMI: 35	100%

Unit Mix

35 1-Bedroom Units
<u>1 2-Bedroom Units</u>
36 Total Units

<u>Unit Type</u> <u>& Number</u>	<u>2021 Rents Targeted %</u> <u>of Area Median Income</u>	<u>Proposed Rent</u> <u>(including utilities)</u>
35 1 Bedroom	30%	\$665
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$500,000
Construction Costs	\$13,793,200
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$683,932
Soft Cost Contingency	\$500,000
Relocation	\$0
Architectural/Engineering	\$1,100,000
Const. Interest, Perm. Financing	\$1,473,524
Legal Fees	\$350,000
Reserves	\$172,999
Other Costs	\$1,500,793
Developer Fee	\$3,694,233
Commercial Costs	<u>\$0</u>
Total	\$23,768,681

Residential

Construction Cost Per Square Foot:	\$469
------------------------------------	-------

Per Unit Cost: \$660,241
 True Cash Per Unit Cost*: \$605,637

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank - Tax Exempt	\$11,873,084	Citibank	\$8,372,043
Citibank - Taxable Tail	\$5,617,945	Deferred Developer Fee	\$1,965,758
Deferred Fees & Costs	\$3,591,476	Tax Credit Equity	\$13,430,880
Tax Credit Equity	\$2,686,176	TOTAL	\$23,768,681

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis: \$22,165,399
 130% High Cost Adjustment: No
 Applicable Fraction: 100.00%
 Qualified Basis: \$22,165,399
 Applicable Rate: 4.00%
 Total Maximum Annual Federal Credit: \$886,616
 Total State Credit: \$6,649,620
 Approved Developer Fee (in Project Cost & Eligible Basis): \$3,694,233
 Investor/Consultant: CREA, LLC
 Federal Tax Credit Factor: \$0.86991
 State Tax Credit Factor: \$0.85991

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.